

News Release



U.S. Department of Labor
Office of Public Affairs
Chicago, Ill.
Release Number

For Immediate Release
Oct. 22, 2003
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Labor Department Sues Bankrupt Illinois Computer Firm Over Delinquent Employee Contributions

CHICAGO—The owner of bankrupt Microhard Technologies, Inc., in Oakbrook, Ill., has been sued by the U. S. Department of Labor for failure to transmit employee contributions to the Microhard Technologies, Inc., Simple Retirement Plan and retained the assets in the computer firm's account.

The lawsuit, filed on Oct. 9, 2003 in federal district court in Chicago, alleges that Parmod Soni violated his duties as trustee under the Employee Retirement Income Security Act (ERISA) when he failed to remit employee contributions and to timely forward the contributions to the plan at various times between Dec. 16, 1998, and Feb. 1, 2001. Soni also allegedly failed to obtain a fidelity bond as required by law. Soni was the firm's chief executive officer.

The department is seeking a judgment to require that Soni repay all losses owed to the plan with interest, correct any transactions prohibited by ERISA and be permanently barred from serving any plan governed by ERISA in the future.

Microhard provided training for computer programmers and sponsored the plan for 17 employees. The company filed for Chapter 7 bankruptcy and most of its assets were sold.

Employers with similar problems, who are not yet the subject of an investigation by EBSA, may be eligible to participate in the Department's Voluntary Fiduciary Correction Program (VFCP). Participation in the VFCP requires employers to make workers whole but allows them to avoid EBSA enforcement actions and civil penalties as well as any applicable excise taxes.

"The VFCP gives plan sponsors a way to come into compliance with ERISA by restoring workers' benefits while avoiding an investigation by EBSA," said Ken Bazar, Chicago regional office director of the Employee Benefits Security Administration. "It protects workers' health and retirement benefits and allows us to focus our resources on those who seek to avoid compliance." For more information about the VFCP see www.dol.gov/ebsa.

This case was investigated by EBSA's regional office in Chicago. Employers and workers can reach EBSA at (312) 353-0900 or EBSA's toll free number, **1-866-444-3272**, for help with any problems relating to private-sector pension and health plans.

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(Chao v. Soni) Civil Action No. 03C 7162

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